

1 adopted in any of those states involved GTE's collocation
2 cost study, right?

3 A That's my understanding which is why I answered
4 the way that I did.

5 We did not look at those in our analysis.

6 Q And do you know -- or are you aware of the
7 New Mexico decision in January adopting GTE's collocation
8 cost study that was presented in that document?

9 A No, I'm not. No, I'm not.

10 MR. EDWARDS: That's all I have, your Honor.

11 MR. DAWSON: I have one question, your Honor.

12 ALJ WALWYN: Mr. Dawson.

13 RECROSS-EXAMINATION

14 BY MR. DAWSON:

15 Q In doing your comparison between the costs and
16 prices adopted in those other states and here, were you
17 comparing Pacific's original filed study or the one that
18 was subsequently filed?

19 A I don't believe -- again, I would have to speak
20 directly to Ms. Toomey on this -- this is subject to check
21 -- but I don't believe that her analyses were completed
22 before the final submissions by Mr. McKinney and other
23 parties that would have changed the pricing.

24 Q So -- I'm sorry. And so your answer is, did
25 she use the latest numbers or the originally filed

26 numbers?

27 A Again, subject to check, I believe the

28 originally filed numbers.

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1 MR. DAWSON: Okay. Thank you.

2 MR. HURST: Your Honor, for the record it's

3 Diane Toomey, T-o-o-m-e-y.

4 ALJ WALWYN: Thank you.

5 You are excused.

6 We'll move forward to Mr. Regan or Reagan?

7 MR. DEANHARDT: Regan, your Honor.

8 Your Honor, my name is Clay Deanhardt.

9 ALJ WALWYN: Would you spell it for me, please?

10 MR. DEANHARDT: Yes, ma'am.

11 ALJ WALWYN: Off the record.

12 (Off the record)

13 ALJ WALWYN: On the record.

14 THOMAS J. REGAN, called as a witness by
Covad Communications Company, having been
15 sworn, testified as follows:

16 ALJ WALWYN: Please be seated.

17 Mr. Deanhardt?

18 MR. DEANHARDT: Thank you, your Honor.

19 Your Honor, we would like to introduce

20 as exhibits first Mr. Regan's direct testimony as the

21 exhibit next in order.

22 ALJ WALWYN: That will be marked as Exhibit 66.

23

(Exhibit No. COLO-66 was marked for
24 identification.)

25 MR. DEANHARDT: Thank you.

26 And next Mr. Regan's reply testimony as

27 the exhibit next in order.

28 ALJ WALWYN: That will be designated Exhibit 67.

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1 (Exhibit No. COLO-67 was marked for
2 identification.)

3 MR. DEANHARDT: Thank you.

4 DIRECT EXAMINATION

5 BY MR. DEANHARDT:

6 Q Mr. Regan, would you please state your full
7 name and title and business address for the record,
8 please?

9 A Sure. I'm Thomas Regan, director of
10 collocation for Covad Communications Company.

11 My work location is 2330 Central Expressway,
12 in Santa Clara, California 95050.

13 Q And do you have in front of you what we have
14 marked as Exhibits 66 and 67?

15 A Yes, I do.

16 Q And can you please tell me what they are?

17 A 66 is my direct testimony on behalf of Covad
18 Communications Company, and 67 is the reply testimony on
19 behalf of Covad Communications Company.

20 Q Was the testimony in Exhibits 66 and 67
21 prepared under your direction?

22 A Yes, it was.

23 Q Have there been any changes to the testimony in
24 Exhibits No. 66 and 67 since the time that it was
25 originally submitted to the Commission?

26 A Yes. I'd like to point out the heading.
27 We had a clerical error at the top, and that was removed
28 for this document.

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1 Q That's on pages 2 through 20 of your direct
2 testimony?

3 A Yes.

4 Q Are there any other changes that have been made
5 to your testimony?

6 A Just to be noted on page 2 on line 21 where
7 it says I currently report to the vice president of
8 operations.

9 I currently report to the vice president of
10 network deployment.

11 That was changed over the past couple weeks.

12 Q That has not actually been changed in the
13 physical copy of your testimony though, has it?

14 A No, it has not.

15 Q Are there any other changes to the testimony
16 that was submitted to the Commission?

17 A No, there's not.

18 Q If I were to ask you all of the questions that
19 have been -- that are in your direct and reply testimony
20 here, would you answer them the same way today?

21 A Yes, I would.

22 Q And do you adopt this as your testimony?

23 A Yes, I do.

24 MR. DEANHARDT: Your Honor, Mr. Regan is ready for
25 cross-examination.

26 ALJ WALWYN: Okay.

27 Mr. Dawson.

28 MR. DAWSON: Thank you, your Honor.

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1 CROSS-EXAMINATION

2 BY MR. DAWSON:

3 Q Good afternoon, Mr. Regan. I'm Tim Dawson
4 from Pacific Bell.

5 A Hi.

6 Q I don't think that we met while you were here.

7 A I've been gone a couple years.

8 Q Couple years. What year did you leave?

9 A '97, March of '97.

10 Q Okay. You never testified for Pacific Bell,
11 did you?

12 A No, I did not.

13 Q Okay. Just checking.

14 Are there a lot of former Pac Bell employees in
15 Covad?

16 A No.

17 Q Can you estimate how many or what percentage?

18 A I do know there was a person that used to work
19 for Pacific Bell that I worked with 10 years ago that I
20 hired.

21 I think that there had been a few in -- I
22 wouldn't have any idea of the number, but there's not that
23 many.

24 Q Mhmm-hmm.

25 A I think there were some contractors, I think.

26 I don't know all of the other people.

27 But to my recollection I would say very few.

28 Q Okay. How about as to the techs that drive

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1 around in the trucks and go out to the COs: are there any
2 former Pac Bell employees among those?

3 A To be honest with you, I really don't have a
4 clue.

5 I think there might be one or two that worked
6 for Pac Bell, but I wouldn't know their names. That's a
7 completely different department, completely different
8 area.

9 Q For the most part at least from what I've seen,
10 pretty young people in that job, right?

11 A Yeah, I would say so.

12 Q Now, what kind of equipment do you put into
13 the -- into Pacific COs?

14 A Into Pacific COs we put in what's known as
15 DSLMs. They're digital subscriber loop multiplexers. We
16 put in some network testing equipment, the Harris line
17 testing equipment. We put in some network management
18 equipment.

19 In Pacific we also install what's called an ATM
20 switching in certain locations where we hub out of. And
21 those are in very limited central offices.

22 Q Okay.

23 A Unless there is some equipment that I'm
24 overlooking, I'm more on the other end.

25 But I don't stay completely in tune with the

26 network side of it.

27 To the best of my recollection if there hasn't

28 been any changes over the past few months, that's the

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1 general list of what goes into a central office.

2 Q Okay. And the ATM is a data switch; is that
3 right?

4 A It's a StratoCom switch, right.

5 Q Is that the big ticket item that goes into
6 Pacific's central offices?

7 A Yes, it is.

8 Q Okay. Do you know roughly what the list price
9 is for those?

10 A No, I don't. No, I don't.

11 Q Do you have a ballpark?

12 A 400,000 maybe.

13 Q Something like that?

14 A Maybe.

15 Q Oka?

16 A And that is -- could be off by a wide margin.

17 That's a rough guess.

18 Q And that was a StratoCom switch?

19 A Yes.

20 Q Did StratoCom finance that switch for you?

21 A I had no idea.

22 I don't believe we're using it as a switch.

23 We're using it to access the unbundled elements.

24 We're not using it as a switch to the best of
25 my knowledge either.

26 I think it's a piece of equipment that's used
27 to access the unbundled loops and to perform some hubbing
28 operations.

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1 Again, that's out of my realm with the
2 engineering on that side.

3 Q That's fine. I'm not going to -- I'm not going
4 to get into a question of whether you're switching or not
5 in there. So --

6 A Okay.

7 Q But just on your -- for Covad generally, how
8 long has Covad been around?

9 A Since October of '96.

10 Q And is it publicly held yet?

11 A Yes, it is.

12 Q Okay. When did it go public?

13 A January 22nd.

14 Q Of this year?

15 A Yes.

16 Q And is there a -- is there a majority
17 shareholder even after it's gone public?

18 A A majority shareholder?

19 Q Mhmm-hmm.

20 A I --

21 MR. DEANHARDT: Your Honor --

22 THE WITNESS: I don't know.

23 MR. DAWSON: You don't know.

24 MR. DEANHARDT: I'm just going to object. I'm not
25 sure what the relevance is, and certainly it's not within

26 what Mr. Regan's been designated to testify about.

27 ALJ WALWYN: Mr. Dawson?.

28 MR. DAWSON: You want my response?

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1 Oh, the -- there's a question here about
2 barriers to entry, your Honor. And there's been a lot of
3 discussion about small entrants having difficulty with
4 barriers to entry.

5 And I'm just asking a couple questions whether
6 we have one of those small vendors here or whether we have
7 somebody who's pretty well financed.

8 ALJ WALWYN: Okay. I'll overrule the objection.

9 MR. DAWSON: Q When you went public, did
10 100 percent of the equity value of the company go public?

11 A No.

12 Q Okay. What percentage was not taken public?

13 A I don't know. I swear I just don't know.

14 MR. DEANHARDT: Again, your Honor --

15 THE WITNESS: I think it's less than 50 percent, I
16 believe, would be an answer. But I am not privy to that.

17 MR. DEANHARDT: Your Honor, if I can -- if I can
18 object again.

19 Mr. Regan has been designated and has put forth
20 certain testimony regarding cageless collocation issues.
21 He has not been designated to testify to the financial,
22 you know, capacity of our company or our finances or any
23 of a number of other issues that we seem to be going into.

24 So I'm not sure if this is really a proper
25 scope of cross-examination for the testimony he submitted.

26 ALJ WALWYN: Where is the barrier to entry

27 testimony?

28 MR. DAWSON: In Ms. Murray's testimony.]

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1 ALJ WALWYN: Can you tie it to Covad's testimony.

2 MR. DAWSON: Well, Covad is a company coming in,
3 and testimony about how Covad is actually financed bears
4 on the validity of Ms. Murray's testimony, and I see here
5 that Mr. Regan himself talks about major barriers to
6 competitive entry at page 8 of his testimony.

7 So it's kind of a theme throughout all the
8 testimony of the --

9 ALJ WALWYN: You have to tie it to Mr. Regan.

10 MR. DAWSON: Okay. Well, it's there at page 8,
11 lines 2 and 3.

12 ALJ WALWYN: I think, based on line 8, I mean,
13 there the testimony is,

14 "...California represents a
15 significant startup cost by a small
16 CLEC like Covad and underscores the
17 fact that it can be a major barrier to
18 entry."

19 So I would overrule the objection.

20 Proceed.

21 MR. DAWSON: Q So are you saying that less than 50
22 percent have not gone public? Is that what your
23 estimation was.

24 A To be very honest with you, I have no idea of
25 the percentages about the finance.

26 When I first started with the company, I was in
27 a start-up mode and was at a much different level when we
28 were trying to get funding.

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1 We started out with very, very little cash and
2 it was a very, very small company, extremely small.

3 In fact, the entire company could sit around
4 the table. It would be five of us, or something like
5 that, and as time went on, the realm of my expertise was
6 in collocation and all of the financing and things to be,
7 frankly, I don't know a thing about that stuff.

8 Q Who is the major --

9 A I've been 27 years with the telephone --

10 Q Who's the major shareholder for Covad?

11 A There's companies in New York, but I don't know
12 who the major ones are.

13 I know who took us public, but I don't know who
14 the major owners of the company are.

15 Q Is Intel a major shareholder of the company?

16 A Very minor, I believe.

17 Q All right.

18 Now, can you tell me how many central offices
19 Covad is currently collocating in with Pacific now?

20 A Again, this number changes on a daily basis and
21 it's going to be a guess. Somewhere probably around 145.

22 Q That you actually have cages in?

23 A That we are in the process of getting price
24 quotes; we could be receiving price quotes, we could be
25 getting ready to do applications, we could have sites

26 picked in various stages of requesting and build-out.

27 Q All right.

28 Now, do you collocate in facilities other than

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1 Pacific Bell's?

2 A Very -- yes, we do, in GTE.

3 Q GTE, you collocate with GTE?

4 A Yes.

5 And we also have a limited sites with a few

6 other CLECs, too. But they're very limited.

7 Q Okay. And which CLECs are you collocated with?

8 A I want to say TCG.

9 Again, that's on the network side, where

10 I handle the ILEC side of the business.

11 The CLEC network side gets into some areas

12 where it has different people working those issues.

13 Q Do you know whether Covad has a cage there with

14 TCG?

15 A No, I don't. I really don't.

16 I know we're putting some equipment in there

17 and different things. But I have never been to one of the

18 sites, nor have I been in on any of the negotiations or

19 have I been a part of that.

20 That's handled, again, by a different section

21 of the company.

22 Q All right.

23 So if I asked you whether you were collocated,

24 for example in the Compaq Internet facility in Palo Alto,

25 would you know about that?

26 A No, I don't know if we are or not. I couldn't

27 answer that.

28 To my recollection -- I've never heard of that.

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1 Q All right.

2 Now, on the DSLMs that are in the cages, am
3 I identifying the right piece of equipment where there's
4 jacks going in the front and jacks coming out the back of
5 the equipment?

6 A There would be jacks going out -- a DS-3 type
7 connection out the back, and there would be -- yes, there
8 are amphenol connectors that would connect to --

9 ALJ WALWYN: Would you spell that?

10 THE WITNESS: A-m-p-h-e-n-o-l.

11 MR. DAWSON: Q So a tech servicing that piece of
12 equipment would need access to both sides of the
13 equipment?

14 A Would you need access to both sides? Yes.
15 Yes.

16 Q Okay.

17 A You possibly could reach around. If there was
18 room on the side you could reach around the side with your
19 hand so you wouldn't need to -- physically need to be back
20 there, but if there was room on the side you could reach.

21 It's not that big a piece of equipment, where
22 you could reach around and get to it.

23 But probably the best answer would be, the best
24 and most efficient way would be to have access on both
25 sides of the equipment.

26 Q Okay.

27 And assuming, then, that you're provided access

28 on both sides of the equipment, how wide of an aisleway or

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